

The Management of Cash *Waqf*: Toward Socio-Economic Development of Muslims in Malaysia

(Pengurusan Wakaf Tunai bagi Pembangunan Sosial Ekonomi Muslim di Malaysia)

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ABSTRACT

The purpose of this study is to examine the applicability of cash waqf among the Muslim society. It seeks the evidence of how waqf improves the socio-economic condition of Muslims in Malaysia. Two established waqf institutions in Malaysia had been selected, namely Waqaf Annur Corporation Berhad and Perbadanan Wakaf Selangor as representatives of private and public sectors, respectively. Data was collected through interviews, data archives and document reviews. Both institutions show significant evidence of waqf contribution to religious, economic and social activities. Perbadanan Wakaf Selangor focuses on benefits to the public such as mosque management and school development, while Waqaf Annur Corporation Berhad provides funds for public utilities as well as for individuals. This paper contributes to the literature of cash waqf and also informs stakeholder that waqf is the alternative method toward societal development. Comparative studies on cash waqf between countries or between Muslim and non-Muslim endowments are encouraged for future research.

Keywords: Management; applicability; cash waqf; Muslim society; socio-economy development; business financing

ABSTRAK

Kajian ini bertujuan untuk mengkaji aplikasi dan implikasi wakaf tunai di kalangan Muslim di Malaysia. Kajian ini bertujuan untuk membuktikan bahawa wakaf boleh meningkatkan tahap sosioekonomi umat Islam. Dua institusi wakaf dipilih iaitu Wakaf Annur Corporation Berhad mewakili institusi swasta dan Perbadanan Wakaf Selangor mewakili institusi awam. Data dikumpulkan melalui kaedah temu bual, kajian data dari arkib dan analisis dokumen. Kedua-dua institusi memperlihatkan bukti dalam sumbangan mereka kepada masyarakat melalui aktiviti keagamaan, ekonomi dan sosial. Perbadanan Wakaf Selangor lebih menumpukan kepentingan manfaat kepada awam seperti pengurusan masjid dan pendidikan manakala Waqaf Annur Corporation Berhad menyediakan dana untuk kemudahan awam dan juga untuk individu seperti pinjaman Qardul Hassan untuk perniagaan serta tuisyen kepada pelajar. Kajian ini menyumbang kepada pengetahuan mengenai wakaf tunai dan juga memberi maklumat kepada pihak berkepentingan untuk melihat wakaf sebagai satu alternatif pembangunan kepada masyarakat. Perbandingan wakaf antara negara atau wakaf Muslim dan bukan Muslim adalah digalakkan untuk kajian akan datang.

Kata kunci: Pengurusan; pelaksanaan; wakaf tunai; masyarakat Islam; pembangunan sosioekonomi; pembiayaan perniagaan

INTRODUCTION

Waqf, or endowment from the sharia point of view means holding a specific property and preserving it for the benefit of ummah, and any use or disposition other than for specific objectives was prohibited (Kahf 2002). *Waqf* was introduced during Prophet Muhammad's (pbuh) era. The first *waqf* land was the Quba' Mosque in Medina, a city 400 km north of Mecca. It was built upon the arrival of Prophet Mohammad from Mecca after Allah s.w.t sent him a revelation to migrate to Medina.

Although Quran does not explicitly mention *waqf*, it strongly emphasizes the concept of wealth distribution. In a hadith narrated by Abu Huraira (May Allah be pleased with him) he reported Prophet Mohammad (pbuh) as saying: "When a man dies, all his acts come to an end,

except these three; recurring charity (*sadaqa jariya*), knowledge (by which people benefited), and a pious offspring, who prays for him".

It had been the understanding of Muslims living decades ago that *waqf* or endowment should only be in the form of property, such as land and building. Many people donated their lands and buildings to build mosques, graveyards and schools. They had very limited knowledge in other types of *waqf*, such as cash *waqf*, agricultural machinery, cattle, shares, gold and stocks.

The variety of *waqf* instruments may provide Muslims with many channels in contributing something to Islam itself. Whether they are rich, poor or of middle-sized incomes, they still stand a chance to donate due to the flexibility of *waqf* products. Donations from many Muslims will accumulate into a substantial amount of

cash *waqf* that can be used toward societal development. *Waqf* asset which is treated as a base for micro finance will give unlimited benefits to societal members who are not catered by the capitalized market, who cannot play with the economic forces or those who do not have any access to monetary exploitation opportunities.

Theoretically, the Islamic financial system emphasizes on both social justice (*adl*) and benevolence (*ihsan*) concepts, rather than on the isolation of the commercial financing practices (Chowdhury et al. 2011). However, current positive developments in Islamic banking and finance have not shown any sign that they share the same aspiration as Islamic economics. The Islamic banking and finance system aims at creating a world order by using a moral economic model that has a system of authentic value. On the other hand, the Islamic economic system aspires for the development of Islamic economics and financial institutions which focus on social justice and human-centered economic growth and development (Asutay 2007). Thus, there is a divergence between the aspirations of Islamic economics and Islamic banking and finance institutions.

For instance, Islamic principle encourages profit sharing in banking activities. Nevertheless, many bankers still prefer debt-financing methods in gaining profit from customers (Hudayati & Md Auzair 2009). In Malaysia, the percentage of profit sharing in financing ranged between 0.3% and 0.7% (2002-2005 as reported by Bank Negara Malaysia) while in Indonesia, profit sharing is reported to be much better, i.e. from 29% up to 35.8% for the period between 2004 and 2007 (Bank Indonesia report).

Due to the aforesaid divergence, this paper attempts to illustrate the applicability of *waqf* particularly in Malaysia as to regain the glory of endowment as a way to boost the economy of Islam; whereby had been successful implemented during the Ottoman Empire back in the 16th century. It has been reported that it was extremely popular in Anatolia and the European provinces of the Empire (Toraman et al. 2007). Previous studies also showed that cash *waqf* had played a major role in helping disadvantaged Muslim societies managing their social and socio-economic conditions (Toraman et al. 2007; Harun et al. 2012; Kahf 1992; Ihsan 2011; Kahf 1999)

Yet, the credibility of *waqf* institutions are being debated by many parties due to poor management and administration of *waqf* properties (Ihsan 2011). A survey conducted in Jakarta and West Java, Indonesia found that most people did not have much trust in their existing public *waqf* institutions. This is because many *waqf* management committees are involved with endowments of substantial number of properties (Masyita 2005).

An established/professional entity should be organized as to handle the cash funds in order to avoid any potential fraudulent act among the *mutawallis* as well as to perform assessments on the *nazirs*. The scenario described above has happened in Malaysia, whereby many properties under *waqf* institutions are still idle until today (Hasan et al. 2008). Therefore, improvements in *waqf* institutions

are important so that the aforesaid institutions remain relevant in current socio-economic conditions.

LITERATURE REVIEW

Waqf, as a religious endowment and revenue property, is regulated under the Islamic law for the purpose of Islamic development. This practice had started since Prophet Muhammad's (pbuh) era. There are a few types of *waqf* and one of them is cash *waqf*.

Cash *waqf* is a trust fund. It is where a monetary fund is established in order to assist the needy in the name of Allah. The fund received by a *mutawalli* will be invested or transferred to other types of assets in order to generate some returns. The return will be used for all sorts of pious and social dedications (Chowdhury et al. 2011). Even though it started during primeval Mesopotamia, Greece and the Roman Empire, it gained its popularity during the Ottoman Empire in Egypt. Cash *waqf* is important during that era because the funds received were used to finance the Islamic expansion in Europe (Cizacka et al. 2004).

The creation of *waqf* requires certain conditions. The most important condition is that it must be of physical property or other assets which are perpetuity in nature. The property donated should also be on permanent basis. Temporary *waqf* are allowed by some jurists, but is limited to family *waqf* only. The *waqf* founder should also be legally fit and able to take such actions as necessary. A child, an insane person or a person without assets cannot form a *waqf*. Other than that, as per the Sharia' and founder's point of view, the purpose of *waqf* should be for charity purposes. Lastly, the beneficiaries or *mauquf ilaihi* must be alive and legitimate. *Waqf* for the dead is not permissible. Important characteristics of *waqf* assets are perpetuity, irrevocability and inalienability (Osman 2012).

Perpetuity means that the asset must be of fixed property. Due to this characteristic, the donors will receive continuous intangible reward from God as long as the asset is being utilized. Irrevocability will ensure that the donated asset could not be taken back by its owner. He has no right to the *waqf* properties for any personal use except for *waqf* purposes. As the definition of *waqf* signifies cessation on the use of property for private purposes, thus, giving it up for *waqf* means that the owner returns it to God for the benefit of the society. The *waqf* property could not be subjected to any sale, disposition, inheritance and so on. The concept of inalienability specifies the urgency of *mutawalli* in handling *waqf* properties as per donor's intention in ensuring the benefits are continuously accrued to the beneficiaries. The income received from *waqf* properties shall be used for community purposes (Osman 2012).

In the eighth century, Imam Zufar had approved the first cash *waqf* in the Islamic world. The cash *waqf* should be invested through the *Mudarabah* principles and the returns received should be distributed to the

poor as charity (Chowdhury et al. 2011). Mohsin (2013) affirmed that there are six types of cash *waqf* schemes, which are; *waqf* shares scheme, deposit cash-*waqf* scheme, compulsory cash *waqf* scheme, corporate *waqf* scheme, deposit product *waqf* scheme, and co-operative *waqf* scheme. Nevertheless, not all forms of cash *waqf* are practiced by Muslim countries. It might differ from country to country.

Islamic scholars have different opinions regarding cash *waqf*. Imam Zufar allows cash for *waqf* without any condition; the majority of Malikis permit cash and foods as *waqf* though some of them are considered as makruh. The Hambalis deemed that they do not accept cash. According to Ibn Taymiyah, the numerous verdicts on the invalidity of cash *waqf* are based on the opinions of al-Khiraqi and his followers. Ibn Taymiyah stated that cash can be a valid subject of *waqf* (Tohirin 2010). Though there are issues on the legality of cash *waqf* among shariah scholars, thousands of cash *waqf* are still being contributed by the Muslims due to flexibility in the amount of funds that they may donate.

Recognition of cash *waqf* is not new. Presently, the countries which widely accept and practice cash *waqf* are Egypt, Iraq, Syria, Iran, Turkey, India, Pakistan, Brunei, and Singapore (Hj. Mohammad 2006). In Malaysia, the Fatwa Committee of the National Council for the Religion of Islam had confirmed the legality of cash *waqf* during its 77th meeting on 10 to 12 April 2007 under the 9th Malaysia Plan. The Fatwa Committee of Selangor stated that proceeds from the *Waqf* Share Schemes shall be expended for the purpose of fixed asset purchases. Benefits received can be expended to provide assistance and other expenses which are deemed appropriate by the Selangor Islamic Regulation Council.

APPLICATION OF CASH WAQF

Applying one of *waqf*'s principles, namely perpetuity, any *waqf* asset may not be sold or be disposed in any form. It shall remain eternally, and any new *waqf* that is received will be added to the existing *waqf*, implying that *waqf* assets shall be increasing instead of decreasing (Kahf 1999). It is not permitted to reduce the *waqf* assets' value since it is illegal to consume the assets negligently or leave them idle. For cash *waqf*, it should be transformed into fixed assets, and be invested; and the benefits received may be distributed to the needy. Therefore, *waqf* is not only an asset but it is a cumulative and ever-increasing investment.

The basis of *waqf* is to serve the welfare of society at large and provide necessities for sustainable use of the public. It serves beyond the scope of religious activities by covering education, health, social work, economic activities such as business expansion, and other areas of societal work.

Cizakca et al. (2004) acknowledged that during the Ottoman Empire cash *waqf* had played a very important role in supplying continuous income used to

purchase real estate such as houses and lands. The rental income received was spent on expenditures of the *waqf*. Educational services, which are financed by the Turkish government nowadays through a budget, are financed by *waqf* foundations existed during the Ottoman era. In cases where the allocated funds are insufficient, the capital increase method is used. This is done by either increasing the amount of money endowed or implementing a price increase, similar to today's practices. Cash *waqf* is also used for social security where it executes a mutual aid and social security fund among the members by establishing a foundation under the name of "Orta Sandığı".

For religious activities, the cash *waqf* fund may be used to reserve the rights of orphans, mosque management, burial services, helping *muallaf* (newly convert) and many more. It also provides loan to the needy without any interest. The cash can be used to supply food and clothes to the unemployed and people in disaster (Hanefah et al. 2009; Masruki & Shafii 2013). Hence, *waqf* benefits are not rigid to specific purposes only.

IMPLICATION OF CASH WAQF TOWARDS THE MUSLIM SOCIETY

In a civilization where health, education and welfare are effectively managed through endowment and donations, *waqf* will give a huge impact on society's survival. This had been proven during the Ottoman Empire (Toraman et al. 2007). The funds may also be used to alleviate poverty among Muslims (Sadeq 2002), especially since many Muslim countries are still fighting poverty such as in Indonesia and Bangladesh. Based on the 2005 Statistics Central Bureau's data, there were about 40 million Indonesians living below the poverty line (Masyita 2005). *Waqf* may help to narrow the gaps in Muslim communities, especially in education due to its significance in our lives. In addition, it will improve the socio-economic level amongst the ummah. Moreover, investments done using the *waqf* funds will enhance the total permanent equity ownership of Muslims (Mahmood & Mohd Shafiai 2013).

The successful management of cash *waqf* and improvement in Muslim's socio-economy indicated that the Islamic Religion Council in Malaysia has improved its administrative efficiency. Many transformations had been done to its constitution and in the administration as compared to previous years. Indirectly, the improvements enhance the confidence of Muslim society in current *waqf* practices (Nahar & Yaacob 2011).

It is hailed that competent administrators with adequate knowledge, together with good *waqf* management will lead to better institutions in serving the ummah in the future. Yet, many issues had been raised by the community in relation to the effectiveness of endowment administration. For example, some claimed that *waqf* institutions lacked of skillful officers, has meagre expertise in database management systems, improper documentation, long period of estate registration and inconsistencies in *waqf*

rules and regulations (Harun et al. 2012). Recently, *waqf* institutions in Malaysia had embarked on computerized systems in their *waqf* management; however, there is no standardization among the various *waqf* institutions (Harun et al. 2012).

Yayla (2011) acknowledged that in the Ottoman era, the son of a *mutawalli* will have to replace his father in managing *waqf*. If there are several sons in a family, the representative son would be selected based on his competency which was decided by the Qadi of the territory. Nonetheless, it would be great if *waqf* institutions could hire the best people to manage their operations. A competent person will lead the institution by providing a better service to the public as *waqf* institutions are considered as part of the Islamic social responsibility. Yayla stated that there are accounting records found from the 1826 Empire of Ottoman which proved a relationship between accounting and the practice of government.

A number of countries has shown good examples in *waqf* management, such as Singapore through its Wakaf Real Estate of Singapore (WAREES Investment Pte. Ltd.) that manages properties under *Baitulmal* and *Waqf* (Abdul Karim 2010). Other than Singapore, Brunei is using an e-government platform to manage and administer its *waqf* properties. Therefore, we will discuss on two *waqf* institutions in Malaysia which have demonstrated good administrative practices for comparison purposes.

From the discussion above, it shows that through cash *waqf*, various parties of a society can be involved and receive the benefits earned. This includes the poor who are overlooked, sometimes, by government agencies. The practice of cash *waqf* may help in the fulfillment of religious requirements through numerous activities such as mobilizing resources from the rich to the poor and creating employment opportunities. The ultimate purpose is to develop better socio-economic conditions for the poor, and society as a whole. The implications of cash *waqf* are not been thoroughly discussed in the previous literature, especially in the modern context of Malaysian economics and among the institutions themselves. Hence, this paper will briefly explain the applications and implications of cash *waqf* management toward the socio-economic development of Muslim society in Malaysia.

RESEARCH METHODOLOGY

In meeting the objective of this paper, two *waqf* institutions had been selected; namely Perbadanan Wakaf Selangor (PWS) representing public institution; and Waqaf Annur Corporation Berhad (WANCorp) under the private entity category. Perbadanan Wakaf Selangor was chosen due to its advancement in the collection of cash *waqf*. It has collaborated with other corporations such as Bank Muamalat (M) Berhad. Waqaf Annur Corporation Berhad is a successful corporate *waqf* institution in Malaysia that provides services in the health sector; whereby its patients

are only required to pay a small amount of money for treatment and medicine.

The qualitative approach was adopted due to the exploratory nature of this research. Data was collected from the documents archive such as bulletins and magazines. In-depth interviews were conducted with the Head of Department of Perbadanan Wakaf Selangor on 26th September 2013 and the Deputy Manager of Waqaf Annur Corporation Berhad together with his executives on 10th October 2013. Interviews with the executives are also important due to their responsibilities in handling the administrative and accounting systems. Hence, they play a significant role in the *waqf* process and their insights gave meaningful explanation in the issues of *waqf* management. The interviews were recorded and transcribed as to ensure the accuracy of information given. The interviews were focused on the gathering of opinions, experiences, and perceptions within their knowledge in *waqf* management of their institutions.

Besides interviews and data archives, the researcher also reviewed both institutions' financial report such as the annual audited reports and the latest collection and distribution records.

DISCUSSION

Findings for this paper will be divided into two sections as below:

PERBADANAN WAKAF SELANGOR

Before 1952, there was no proper management for *waqf* in Selangor, whereby *waqf* was considered as a part of ibadah (worship) and the community had passed the responsibility of handling the *waqf* property to their leaders. When the Islamic Religion Department of Selangor was established in 1952 under Section 5, Islamic Administration Enactment No.3, 1952, *waqf* management procedures were prepared, but the implementation was not very well managed then, and many of the *waqf* properties were yet to be registered under the department's name. In 1999, the department had established the Waqf Enactments (Selangor) No. 7, 1999 to standardize *waqf* management in Selangor. The department only acted as the trustee (*mutawalli*) whereby the *waqf* management was known as Unit Waqf under the Baitulmal Department. Due to the remobilization of the Selangor Islamic Religion Council (SIRC) in 2005, it was decided then that the *waqf* unit be transferred to SIRC, yet to continue remaining under the Baitulmal section.

On 30th October 2009, The Royal Highness of Selangor, Sultan Sharafuddin Idris Shah Al Haj Ibn Almarhum Sultan Salahuddin Abdul Aziz Shah had declared that the council should establish its own *waqf* entity. The purpose to this declaration is to enhance the effectiveness of its operations and management. Therefore, Perbadanan Waqaf Selangor was launched on 3rd February 2011 after going through a long process of establishment

which started in 2009. The creation of Perbadanan Wakaf Selangor falls under Section 8, Selangor Islamic Regulation Enactment 2003. The purpose of this institution is to encourage, assist, promote and produce *waqf* property belonging to the council.

Perbadanan Wakaf Selangor is led by The Royal Highness of Sultan Selangor and is chaired by Dato' Ramli Bin Mahmud. Meanwhile, the management of Perbadanan Wakaf Selangor is headed by a Chief Executive Officer, Tuan Abu Bakar Bin Yang.

Although it has only operating for two years, many improvements can be observed from its yearly activities. In order to advertise its products in the market, it had conducted many talks in mosques, organizations, and to the public and private sectors. It is also advertise in newspapers and radio. The purpose of these activities are to create awareness and to encourage the community to contribute/*waqf* their money or assets to Perbadanan Wakaf Selangor for their own benefit, as well as to help the needy in Selangor.

One of its products is the Selangor Waqaf Shares which was launched in 2002. The participants are only required to donate RM10 for one share of *waqf* and it will be kept under a *waqf* account before any investment is made. The profits received will be contributed for the benefit of ummah. Contributions to the share *waqf* are tax deductible; whereby 7% is permitted for individuals and 10% for corporate organizations. The collection amount is increasing from year to year. In the beginning, Perbadanan Wakaf Selangor collected only RM374, 975 (2005). Collection in year 2012 was RM4, 004, 452 and up to June 2013, it was at RM2, 306, 071. The figure increases significantly more in certain period especially if it holds special events during the month. Other than share *waqf*, Perbadanan Wakaf Selangor also has the Infaq Scheme, Waqaf Corporate Networks, Gold Waqaf and Waqaf Online. All the above products significantly contribute to its cash *waqf* program.

Figure 1 shows the amount of collection for *waqf* shares which had significantly improved from 2011

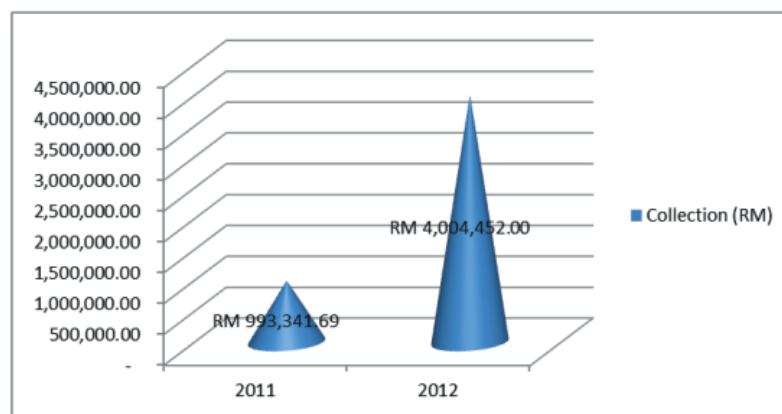


FIGURE 1. Collection of Selangor wakaf shares for year 2011 and 2012

to 2012. It had increased from RM993,341.69 in 2011 to RM4,004,452.00 in 2012, a 300% growth with the percentages of collection from each channel are as shown in Figure 2.

In 2012, there was an increase in its collection, i.e. from 31% to 40%. As for district collection, the amount had increased from RM307, 606 to RM1,610,855, which was about 4 times than the initial amount. Salary deductions

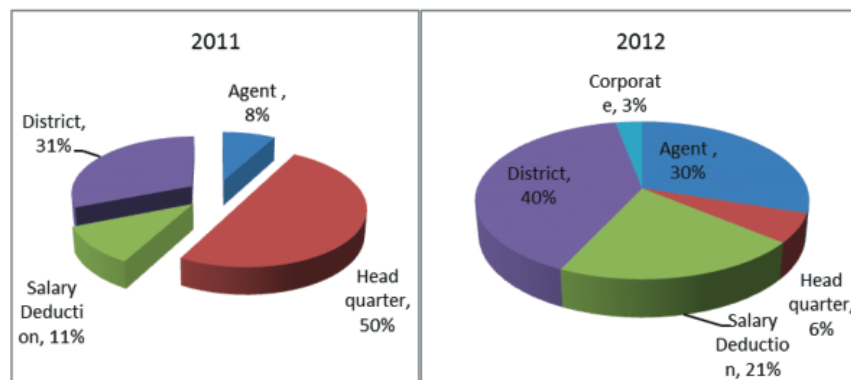


FIGURE 2. The percentages collection of Selangor Wakaf Shares for 2011 and 2012

TABLE 1. Type of collections for Selangor Wakaf Shares for 2011 and 2012

Year	Agent (RM)	Head quarter (RM)	Salary deduction (RM)	District (RM)	Corporate (RM)	Total (RM)
2011	85,560.00	493,727.00	106,449.00	307,606.00	-	993,342.00
2012	1,189,656.00	220,937.00	856,604.00	1,610,855.00	126,400.00	4,004,452.00

had also increased from 11% to 21% of the total collection amount, and agents' collection had increased from 8% to 30%. The numbers indicate increased awareness in cash *waqf* among the public and this may be attributed to the programs initiated by Perbadanan Wakaf Selangor. The types of collection for 2011 and 2012 are shown in Table 1. The collections were distributed, among others, to develop the *waqf* land, finance religious activities or buy properties for rental purposes.

Perbadanan Wakaf Selangor also manages a special *waqf*, comprised of assets or cash contributed by individuals or organizations for specific purposes. For instance, there are Muslims who want to donate their lands specifically for mosque or school. Nowadays, many big organizations bestow their funds for the use of prayer houses and school construction. If these activities are promoted and shared among the communities, the public's interest will increase since they know where their money goes. Thus, it will further enhance their confidence toward *waqf* institution (Nahar & Yaacob 2011) and *waqf* practices. The total collection of special *waqf* in 2012 was RM9,360,733 and RM4,633,155 as for June, 2013. It indicates that Perbadanan Wakaf Selangor has been successful in creating awareness among the Muslims in Selangor in contributing some of their money for *waqf*. Hence, it increases the credibility of Perbadanan Wakaf Selangor.

Out of the total *waqf* contribution, 30% of *waqf* benefits will be distributed for *fisabilillah* purposes; and 70% will be channeled back to funds for reinvestment activities. Purchases of assets such as land and building will help increase the Muslim equity ownership in Malaysia. This is because the procured assets will be registered under the Selangor Islamic Religious Council.

The assets purchased will be used to generate income for the Perbadanan Wakaf Selangor. The proceeds are directly distributed by using a fixed ratio of 30:70. Distribution for *fisabilillah* is made every three (3) months to ensure that the delivery is made as soon as possible. As it is still new, bulk of the distributed amount goes back to development of *waqf* properties such as mosques, schools and madrasahs. Perbadanan Wakaf Selangor's staff will monitor the progress of each construction especially when the contractor makes a progress claim. Its future plan is to further spread the funds as to help the poor in Selangor.

Other than assets' rentals, Perbadanan Wakaf Selangor has also planned few projects as to improve the socio-economic status of Muslims in Selangor. At this moment, Perbadanan Wakaf Selangor owns a mobile clinic that will be launched soon. The mobile clinic was

purchased during the last August and it will serve patients around Selangor in the near future.

As an institution responsible in *waqf* management, it focuses its funding in constructing places where Muslims can meet and conduct their activities together. Among the projects which are currently under construction are Glenmarie Mosque in Shah Alam with *waqf* funding of RM8 million; and Madrasah Tahfiz Miftahul Ulum in Hulu Langat with a cost of RM25 million and it is 70% completed. Meanwhile, other completed projects are Pulau Indah Primary Religious School, Tengku Ampuan Jamaah Mosque, Bukit Jelutong and Surau Al-Ikhwan, Bandar Baru Bangi.

WAQF ANNNUR CORPORATION BERHAD

Waqaf Annur Corporation Berhad is a public company by guarantee without shares. The purpose of its establishment is to manage the shares of Johor Corporation Group placed under *waqf* property by its subsidiaries such as Kulim (M) Berhad, KPJ Healthcare Berhad and Al-'Aqar Healthcare REIT. Other than that, it acts as *mutawalli* for all assets or securities donated from the public for *waqf* purposes.

Waqaf Annur Corporation Berhad started its operations on 25th October 2000 under the name of Pengurusan Klinik Waqaf An-Nur Berhad. The main purpose of Waqaf Annur Corporation Berhad is to monitor *waqf* clinics and dialysis centers operated under Johor Corporation that are managed by KPJ Healthcare Berhad. On 19 July 2005, the company changed its name to Kumpulan Waqaf Annur Berhad. Thereafter, on 18 May 2009 it was renamed Waqaf Annur Corporation Berhad, as to undertake wider roles and perform greater aspirations.

Waqaf Annur Corporation Berhad has proven itself to be a successful private *waqf* institution in Malaysia whereby it renders its services to entire Malaysia even though the company established itself in Johor. Part of Waqaf Annur Corporation Berhad's duty is as an entity recognized by the Johor Islamic Religious Council acting as receiver, manager and administrator of *waqf* property. It also acts as *mauquf ilaihi* for other types of securities belonging to the JCorp Group specifically and from the public in general. Waqaf Annur Corporation Berhad is also appointed by the Johor Islamic Religious Council as a special *nazir*, focusing more on share *waqf* and less on cash *waqf*. This is to prevent overlapping of roles between the institution and Johor Islamic Religious Council as the only *waqf* trustee in Johor.

A few programs have been introduced by Waqaf Annur Corporation Berhad in the economic sector in order

to help Muslims who have no access to financing from banks. It provides the Business Fund Waqf, Community Waqf, Mutawwif Fund, company's ownership and private limited shares ownership.

The Business Fund Waqf was established by Waqaf Annur Corporation Berhad on May 5, 2007 by utilizing cash *waqf* of RM14,000 and the benefits from a *waqf* fund of RM200,000. The purpose of this fund is to grant interest-free micro financing based on the Qardhul Hasan concept. The financing scheme is offered to those who want to start a business or to expand their existing products. Therefore, it will enhance the Islamic value through business. The Muslim's economy may also improve in line with its slogan "Waqf is Business" and also JCorp's slogan of "Jihad Business". As informed by Tuan Haji Nazaruddin Bin Ali, (Deputy Manager of Waqaf Annur Corporation Berhad) all the activities of Waqaf Annur Corporation Berhad are based on *waqf* through business.

The loan recipients are required to pay RM1 for registration fees. No collateral or guarantee from third party is required. They need to repay the loan in installments within a stipulated timeframe, an average of two years. A grace period is granted to the receivers in the event they are unable to pay the installments, which commence from the date of loan disbursement. The fund is fully managed and monitored by Waqaf Annur Corporation Berhad with the assistance of volunteers from JCorp Berhad. Amongst the volunteers are Imams and Muazzins, of which they are called themselves as Ikhwan Muamalat. Their roles are to check on the performance of applicants.

Three types of loans are offered, ranging from RM500 to RM7000. There are also some requirements to be met in applying for further funding. Waqaf Annur Corporation Berhad had offered Ayamas Corner as a form of business to be handled by the recipients. Other financing of businesses is as shown in Table 2. During the period from 2007 until 31 August 2013, 532 applications were received and 272 applications had been approved with total financing amount of RM471,700. The total collection from installment payments as at 31 August 2013 was RM319,385 which is 84% from the expected collection amount (RM379,830).

TABLE 2. Business fund waqaf financing as at 31 August 2013

No	Type of Business	Total receiver	Total fund (RM)
1	Food & Beverages	81	188,000.00
2	Sewing & Clothing shop	9	26,800.00
3	Cafeteria	4	19,000.00
4	Beauty salon	8	21,900.00
5	Workshop	5	15,000.00
6	Welding / grill	3	9,000.00
7	Child care center	2	6,000.00
8	Grocery store	3	9,000.00
9	Printing & Advertising	3	8,000.00
10	School transportation	3	9,000.00
11	Others	18	71,900.00
12	Ayamas corner	133	88,100.00
	Total	272	471,700.00

Table 3 shows the details of collections and receipts from 2007 until 31 August 2013. From the initial fund of RM214,000, Waqaf Annur Corporation Berhad has been able to generate RM471,700 in financing on revolving basis. In order to help the borrowers in their business capital and operations, no interest or other fees are imposed upon to them.

Community Waqf is created based on a concept whereby small businesses are placed together in one shop lot to operate their businesses as a group. Facilities and premises are fully provided by Waqaf Annur Corporation Berhad. A leader will be chosen among them to do the marketing, administration and financial management. Waqaf Annur Corporation Berhad will provides advisory support to the group. A pioneer project of a sewing workshop with six (6) students and one supervisor had started in Bukit Dahlia, Pasir Gudang. The building was bought by Waqaf Annur Corporation Berhad at the cost of RM977,000.

Both the above *waqf* projects are closely monitored by Waqaf Annur Corporation Berhad. Hired experts are to guide them until they excel in the business and are

TABLE 3. Collection of repayment for business fund waqaf as at 31 August 2013

Year	Total receiver	Outstanding receiver	Total loan (RM)	Total collection by schedule (RM)	Actual Total collection (RM)
2007	1	-	10,000.00	10,000.00	10,000.00
2008	65	2	166,000.00	166,000.00	96,387.00
2009	62	2	94,950.00	94,950.00	98,040.00
2010	90	8	62,150.00	62,150.00	74,661.00
2011	39	3	103,300.00	41,020.00	35,037.00
2012	6	2	11,800.00	3,250.00	2,930.00
August 2013	9	-	23,500.00	2,460.00	2,330.00
Total	272	17	471,700.00	379,830.00	319,385.00

able to help other community members. Even though the projects are fully handled by Waqaf Annur Corporation Berhad, they will eventually be transferred back to their "Organization Business Amal" (OBA) for future management. This is because Waqaf Annur Corporation Berhad is a part of JCorp group placed under corporate social responsibility led by OBA.

The Mutawwif Fund which was started in 2006 has the objective of meeting the needs of *mutawwif* in operating Umrah and Hajj trips managed by Tiram Travel Sdn Bhd (subsidiary of JCorp). Waqaf Annur Corporation Berhad provides loan of RM3,000 for applicants. The expected applicants are JCorp staff, religious executives of JCorp and members of public. Waqaf Annur Corporation Berhad has expected a total of 180 qualified mutawwifs by the end of 2013.

Besides that, Waqaf Annur Corporation had also built mosques for prayers and other religious activities, hospitals, dialysis centers, clinics and mobile clinics for health services. It covers various locations in Malaysia and visited by more than 860,000 Muslim and non-Muslim patients. It is also provides tuition to bright students who come from disadvantaged families. The number of participants involved was 3,410 as of 31 August 2013. It covers the primary, secondary and tertiary education in Malaysia. It also conducts personal development programs for Muslim teachers in Chinese schools. Waqaf Annur Corporation Berhad provides prayer mats, Al-Quran, Yaasin and other prayers' necessities as a pioneer project for other programs.

The benefits received from investments are split into 70% for reinvestment and human resource development, 25% for *fishabilillah* and 5% channeled directly to the Johor Islamic Religious Council. It has created a charity fund raising at each department and subsidiary to encourage continuous donation. An example to this activity is the Awqaf Minor and Activities Foundation (AMAF) Dubai. During the first 3 months of its operation (commencing June 2013), the collection was RM900. It was then channeled directly to the Johor Islamic Religious Council through its subsidiary, Capaian Aspirasi Sdn Bhd. This company is a qualified amil for Share Waqf Johor. Programs provided by Waqaf Annur Corporation Berhad will help Muslims in Malaysia to improve their socio-economic status.

COMPARISON BETWEEN BOTH INSTITUTIONS

From the above explanations, we can see that Perbadanan Wakaf Selangor is more established as a cash *waqf* institution as compared to Waqf Annur Corporation Berhad. This is because Perbadanan Wakaf Selangor has proven itself as good manager to the cash *waqf* program in terms of fund contributions and distribution. Many channels have been used by the Perbadanan Wakaf Selangor in supporting its activities. Meanwhile, Waqf Annur Corporation Berhad has just started its cash *waqf*

program since it had been focusing more on its share *waqf* program before. A variety of *waqf* products and additional products introduced from time to time shows that the *waqf* institutions are always trying to attract and raise awareness among Muslims about *waqf* itself.

However, as compared to Perbadanan Wakaf Selangor, Waqf Annur Corporation Berhad has many support staff who are indirectly being recruited from Johor Corporation in helping with its activities since currently it has only 31 staff. Its activities also cover other states of Malaysia other than in Johor; while the Perbadanan Wakaf Selangor with 41 staff members covers all the nine (9) districts in Selangor with two (2) or three (3) staff members handling each district. The employees are to plan their own activities in their respective district as to ensure the *waqf* information and news reached the communities.

Waqf Annur Corporation Berhad also takes an advanced step by funding several businesses among Muslims in Johor in order to improve their economies. Perhaps Perbadanan Wakaf Selangor might want to take the same course action in helping entrepreneurs in Selangor. This is a critical issue for Muslims, since almost all of them have a lower overall income as compared to other races in Malaysia.

Other *waqf* institutions, especially those that are governed by the local Islamic Religious Council may follow the examples set by Waqf Annur Corporation Berhad and Perbadanan Wakaf Selangor for a better *waqf* management. They may appoint experts or staff of multi-disciplinary in order to generate more ideas.

CONCLUSION

Waqf a powerful charitable instrument has earned its place among Muslims. It has evolved and will play a significant role in the future. Collections from both institutions show that the awareness and trust among Muslims in such institutions have increase from time to time. Therefore, *waqf* institutions should capitalize on the fact that *waqf* is a form of Muslim's ibadah. Additionally, it can be further leveraged if the public trusts that the institutions conduct themselves with high efficiency and integrity.

With many countries reviving their cash *waqf* programs, it is expected that this program will grow globally and perhaps even reduce the poverty rate among Muslims worldwide. The latest technology in database management should be used by the *waqf* institutions in their administrations in order to enhance performance, expedite the process and increase the efficiency of *waqf* management. Innovative solutions may be practiced since they are the trustees of the Muslims' fund. If *waqf* revenue is generated efficiently, it will result of the best Muslim endowment system in the world.

Perbadanan Wakaf Selangor a new body in managing *waqf* funds has set a good example in the implementation of collection and distribution of *waqf* funds; whereby it

focuses more on the facilities used by public. Meanwhile, Waqaf Annur Corporation Berhad an excellent corporate waqf institution has evidently helped the society in Malaysia and individuals in Johor through its business financing programs. Experiences of Egypt, Saudi Arabia, Turkey and United Arab Emirates proved that waqf does assist in the development of a country. Some top universities in the world such as Harvard and Oxford have also expanded through endowment funding.

The focus of this study which is only on two waqf institutions, has limits the findings and conclusions of this study. This is inevitable since waqf institution is still in its infancy stage. However, for future researches, comparative studies on two countries, or of between Muslim and Non-Muslim endowment mechanisms as vehicle for socio-economic development are encouraged.

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